



Testimony

Provided

By

Rita Zangari
Director

Office of Technology Commercialization
University of Connecticut

Commerce Committee Public Hearing
March 8, 2011

Co-Chairs, Ranking Members, and Members of the Commerce Committee, thank you for allowing me to provide testimony on Raised Bill 6525, *An Act Concerning the Continuance of the Majority Leader's Job Growth Roundtable*.

Request for Amendment to P.A. 10-75, *An Act Concerning the Recommendations of the Majority Leaders' Jobs Growth Roundtable*.

Justification for the Amendment:

The requested amendment would put UConn, and other public university startup companies on a level playing field with other businesses seeking preseed funding from Connecticut Innovations (CI).

CI has been very helpful to the University in trying to count our patent and prototype expenses as a private investment match for UConn startups seeking preseed funding from CI since these expenses are not funded by state funds but are supported by outside revenue. However, it was recently discovered that section 12 of P.A. 10-75, *An Act Concerning the Recommendations of the Majority Leaders' Jobs Growth Roundtable*, prohibits CI from doing so.

The requested amendment would allow CI to evaluate investment opportunities in startups which are commercializing state university-owned technology the same way it does other companies. CI currently allows other companies to use patent and prototype development

expenditures to meet the private investment match but are unable to count similar UConn expenditures for our startup companies.

Each year the University annually spends up to \$150,000 to support prototype development for commercialization of UConn invented technologies and up to \$750,000 to protect University faculty and student inventions. It is important to note that much of this funding is derived from private funds that are paid to UConn in the form of royalties or patent reimbursements from our licensees which suggest they meet the spirit of the match requirement for private dollars. None of the matching funds will come from state appropriations or tuition and fees revenue.

This amendment will correct an unforeseen technical problem which creates a disadvantage to University startup companies receiving support through University programs aimed at economic development. UConn faculty and students generate about 90 new inventions each year. By counting UConn expenditures made for prototype and patents costs as a match, we can assure that an increasingly significant share of those inventions make their way into new companies and the marketplace in order to increase jobs and revenue for the State of Connecticut.

Suggested Amendment Language:

Substitute House Bill No. 5435

Public Act No. 10-75

*AN ACT CONCERNING THE RECOMMENDATIONS OF THE MAJORITY LEADERS'
JOB GROWTH ROUNDTABLE.*

Sec. 12. (NEW) (Effective July 1, 2010) (a) There is established an account to be known as the "preseed financing account" which shall be a separate, nonlapsing account within the General Fund. The account shall contain any moneys required by law to be deposited in the account. Moneys in the account shall be expended by Connecticut Innovations, Incorporated, for the purposes of providing preseed financing pursuant to the program established in subsection (b) of this section. For purposes of this section, "private investment dollars" shall include non-state appropriations, excluding tuition and fees revenue, from a public institution of higher education to assist in the commercialization of technology owned by a state university.

(b) Connecticut Innovations, Incorporated, shall establish a program to provide preseed financing for Connecticut businesses, which shall include, but not be limited to, financial assistance for the development of proof of concepts and support services. Financial assistance shall not exceed one hundred fifty thousand dollars per eligible business. An eligible business shall (1) be principally located in Connecticut, (2) have not less than seventy-five per cent of its employees working in Connecticut, and (3) demonstrate private investment dollars of not less than fifty cents for every dollar of financial assistance sought from the program established pursuant to this section.

(c) The corporation may enter into an agreement, pursuant to chapter 55a of the general statutes, with a nonprofit corporation providing services and resources to entrepreneurs and businesses to operate such program.